

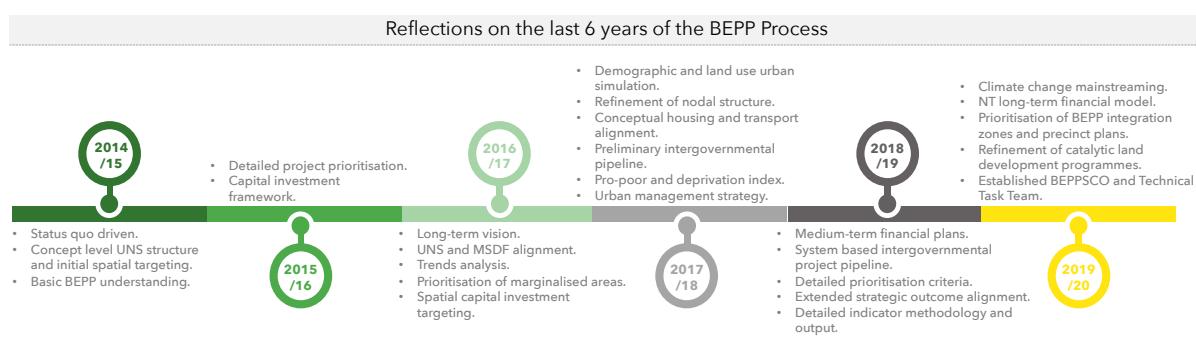


## Section H: City's Approach to Transitioning out of the BEPP

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The BEPP was first introduced in the 2011/12 financial year as an eligibility prerequisite for the Urban Settlements Development Grant (USDG). During the 2014/15 financial year the City adopted the BEPP as a formal annual reporting process, through the submission of the 1st council approved BEPP in April 2015. Since its origin, the BEPP has progressed and improved substantially with each submission focussing on improving the institutional reform together with incorporating new planning, implementation and management concepts to its annual budgeting process. Figure 98 below outlines a timeline indicative of key focus areas addressed for each submission, ranging from 2014/15 – 2019/20.

Figure 98 City of Tshwane Built Environment Timeline



The 1st submission for the 2014/15 financial year strongly focussed on understanding the concept of an urban network structure, within the context of the status quo assessment of the City, together with the requirements of what constitutes a BEPP. The second and third submissions started incorporating tools to apply spatial targeting objectives to the annual planning and capital budgeting process, through the implementation of a Capital Investment Framework (CIF) and a detailed spatially enabled prioritisation process. The third submission of the BEPP further focussed on aligning the UNS with the MSDF and enhancing the detailed prioritisation process through spatial capital investment targeting.

During the 2017/18 financial year, the focus of the BEPP shifted dramatically towards refining spatial targeting and introducing inter-governmental planning and project pipelining. For the 2018/19 and 2019/20 submissions, the BEPP's submitted by the City started to focus on longer-term planning with the introduction of medium- to long-term financial planning, financial modelling and financial sustainability strategy. The latest submission of the BEPP also introduced the concept of climate change mainstreaming to the annual budgeting process.

For the 2020/21 reporting period, the City Support Programme (CSP) released a rationale for transitioning out of planning reforms and BEPPs. Based on this, Metropolitan Municipalities will no longer be required to submit a BEPP document after the 2020/21 reporting period. The 2020/21 submission should however contain a key focus on the adoption and acknowledgement of planning reforms.

### 28 Transitioning Framework

Planning reforms refer to proposed changes to activities and institutional arrangements within an organisation in order to achieve strategic goals and targets set by the organisation, and could typically

include annual planning and budgeting, implementation, strategy and target settings, reporting and governance. It is further very important that local planning reforms align and integrate with the current planning reform initiatives proposed and implemented by provincial and national government which include the review of the IDP guidelines, the incorporation of Khawuleza District Development Model (2019) and longer-term frameworks and strategies.

Based on the transitioning out of BEPP rationale, and the requirements set out by CSP, the City has opted to include a transitioning framework as Section H to the 2020/21 BEPP submission. The objective of the framework is to first acknowledge the Theory of Change set out by the City in Section A, and secondly to identify the context in which to implement this.

The following section has been structured to discuss the City's interpretation of the Theory of Change, elements of planning and the BEVC. There is a direct correlation between the three topics, with the Theory of Change creating the context and the elements of planning and BEVC providing guidance on achieving certain deliverables. In conclusion, implementing the City's Theory of Change will be aligned to existing institutional processes which include the annual IDP and MTREF budgeting process.

## **28.1 Actioning the Theory of Change**

The starting premise for the City's transitioning framework resides in reforming internal planning, budgeting, implementation and management processes through the adoption of a Theory of Change. The City has introduced its' Theory of Change as part of the 2020/21 BEPP and is built on three key principles, namely:

- spatial transformation;
- financial sustainability, and;
- collaborative planning, implementation and management.

With reference to the transitioning out of BEPP rationale and the 2018/19 core guidance note, the City has initiated the framework with a broader approach which aims to combine the elements of planning and the BEVC. There is a direct correlation between both, with each providing guidance to planning, resourcing and implementation theory within the built environment. Based on the elements of planning and the theory behind the BEVC, the City has aligned its Theory of Change to support the notions of outcomes-led planning, strategy-led budgeting and governance. Each notion builds on a set of spatial or strategic foundations inclusive of spatial development frameworks, strategic guidance and tools to facilitate certain outcomes.

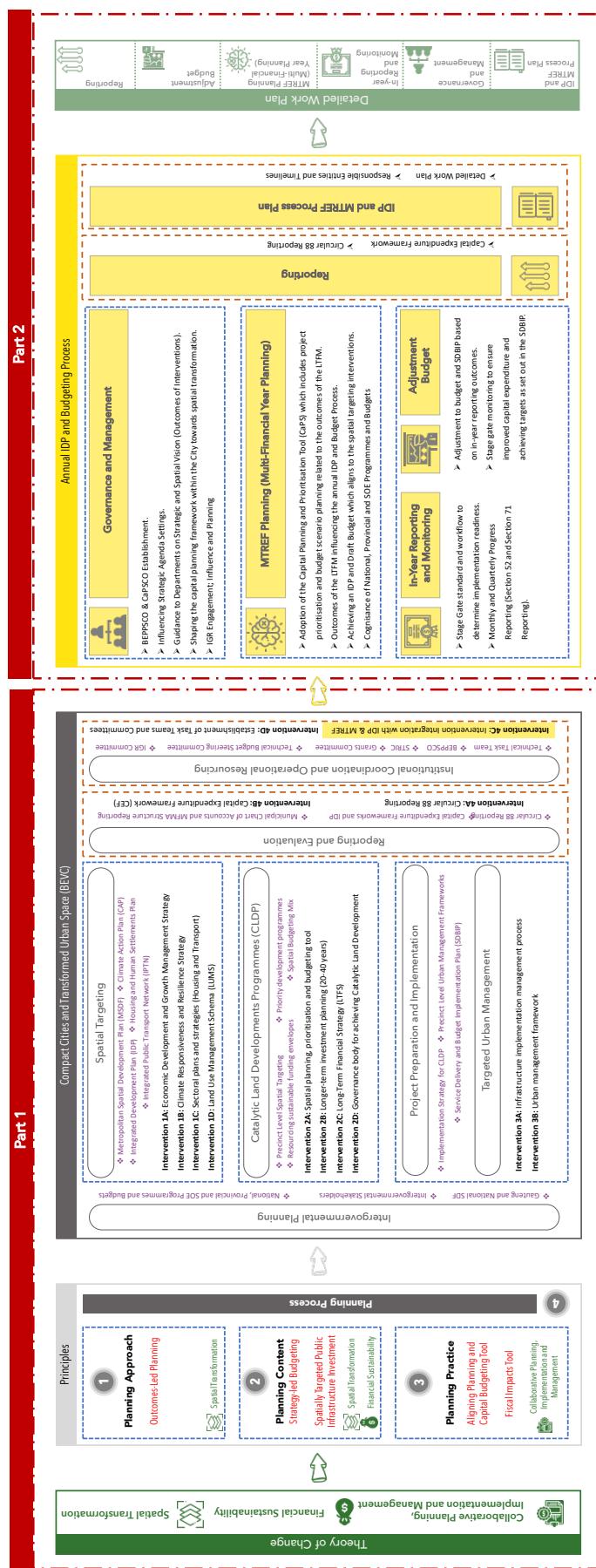
Through the process of establishing the transitioning framework and incorporating the actions and outcomes identified for each principle, a number of interventions were identified. These interventions reconsider the Theory of Change principles, by coalescing actions and outcomes into a set of clear-cut objectives which in turn directly addresses each component of the BEVC. Figure 99 below outlines the Theory of Change principles, together with the anticipated actions and outcomes, in relation to the interventions identified by the City through its transitioning framework.

Figure 99 City of Tshwane Theory of Change Principles and Interventions

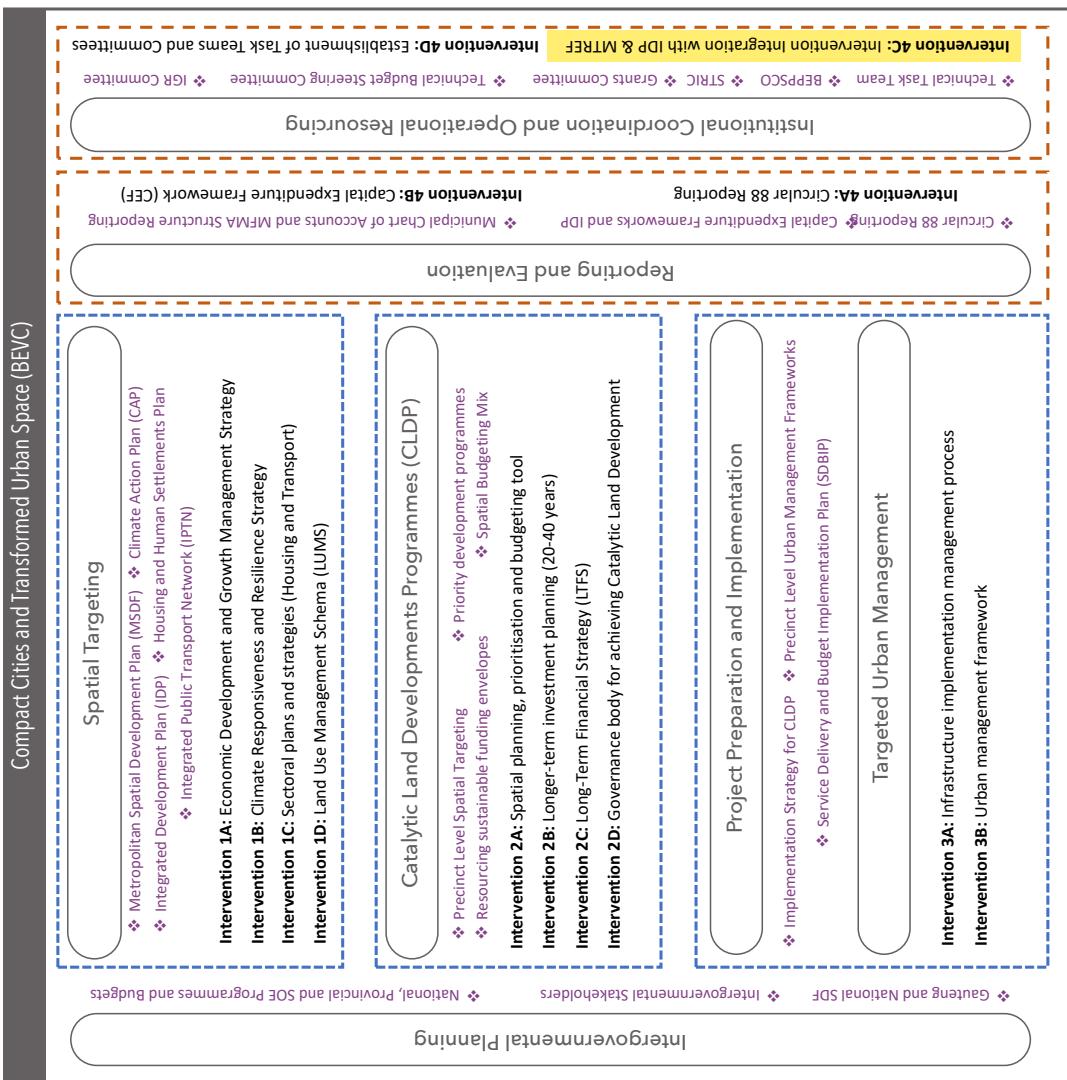


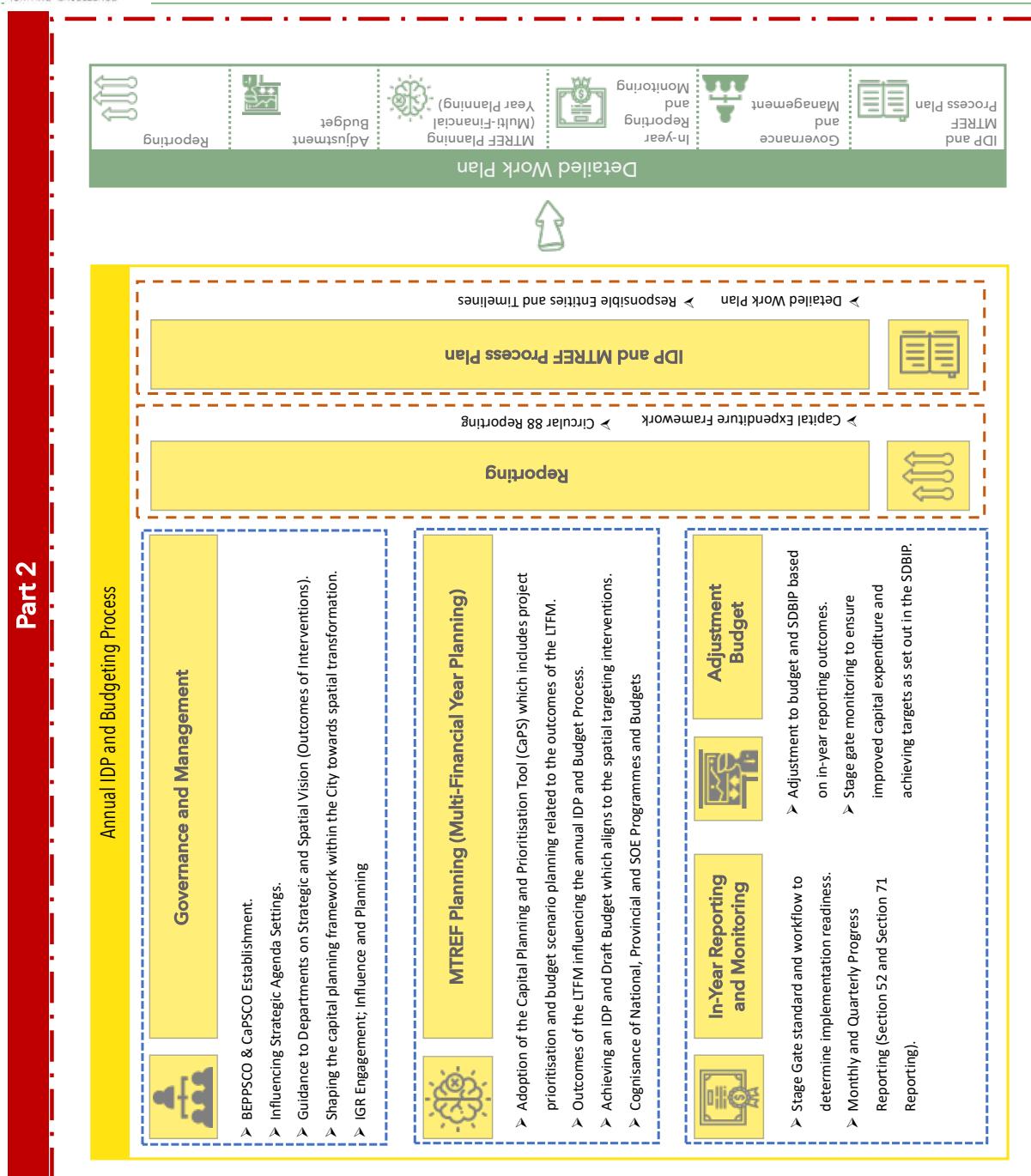
Building on these interventions, the diagram below (Figure 100) illustrates the City's Theory of Change as the starting premise to reforming internal planning processes. The first segment outlines the relation between the Theory of Change and the outline of the framework, in line with each principle identified by the City. The second segment further shapes these principles into the elements of planning which corresponds to the third segment outlining the BEVC components. Each of these components further include a number of spatial or strategic foundations in order to progress to the above-mentioned interventions.

Figure 100 City of Tshwane Transitioning Framework



## Part 1





### 28.1.1 Planning Approach and Spatial Targeting

The 1st TOC element of planning describes the planning approach which primarily stimulates outcomes-led planning in line with the City's spatial structuring outline. Section B of the BEPP outlines the current Urban Network Structure (UNS) and how this relates with the City's spatial vision outlined in the MSDF. Through contextualising the principle of spatial transformation and the current spatial structure of the City, the following interventions were clustered into the spatial targeting BEVC component:

- **Intervention 1A** - A clear Economic Development and Growth Management Strategy which should guide and promote intergovernmental planning and implementation together with promoting private investment opportunities and delivering services;

- **Intervention 1B** - Climate Responsiveness and Resilience Strategy based on the Climate Action Plan (CAP) that is currently being developed for the City. The focus of the strategy should include the operational, planning and implementation of programmes which mitigate risks associated with climate change and achieving a climate change budget;
- **Intervention 1C** - Review of existing sectoral plans and strategies, with specific reference to the integrated planning approach between Human Settlements (Housing) and Transport. To date there has been a disjoin between the planning approach undertaken through the City's key line-departments, which include roads and transport and housing and human settlements. To address this, the City needs to restructure its current approach to collaborative planning with a strong emphasis on aligning transportation planning with housing and vice-a-versa, and;
- **Intervention 1D** - Review of the current Land Use Management Schema (LUMS) which applies the spatial vision and strategy outlined in the MSDF and combines the implementation of the above-mentioned interventions.

The above-mentioned sectoral plans and strategies have not yet been realised within the City, however through the review of the MSDF in 2019, the City has started engaging with infrastructure departments to try and understand the planning regime applied. The review of the MSDF also afforded the opportunity to engage with the City Sustainability Unit (CSU) and the Environmental Management Department. The outcomes of these engagements were incorporated into the MSDF to some degree but will need to be revisited once the CAP has been adopted through Council. Refer to Section A and B for more detail pertaining to the CSU and the climate change profile of the City.

The City has also used the BEPPSCO and Technical Task Team forums to engage with transport and housing departments on the principles of the BEVC and to guide them to incorporate the spatial and strategic vision of the City to inform their MTREF planning approach. These engagements occurred through the IDP and MTREF process outlined in the detailed workplan, with the latest engagements focusing on the integration of sectoral plans to initiate intervention 1C. Refer to Section B for more information regarding the above, and Section A on the establishment and functions of the BEPPSCO and Technical Task Team. The agenda's, minutes and attendance registers for the above-mentioned engagements are included in Addendum 5.

### 28.1.2 Planning Content and Catalytic Land Development

The 2nd TOC element of planning describes the content and actioning of spatial transformation towards achieving precinct level spatial targeting and applying strategy-lead budgeting. Section C of the BEPP outlines the methodology applied by the City to delineate and identify Catalytic Land Development Programmes (CLDPs), whereas Section D outlines the resourcing of funding and achieving a targeted spatial budgeting mix. Through contextualising the principles of spatial transformation and financial sustainability, the following interventions were clustered into the CLDP BEVC component:

- **Intervention 2A** - Adoption of a spatial planning, prioritisation and budgeting tool to build on the principles of spatial transformation and financial sustainability. This tool should strengthen spatial transformation though prioritising capital investment in line with catalytic land development and incorporate available funding envelopes derived from the City's long-term financial strategy. This tool should also be used to inform inter-governmental planning and implementation, in order to safeguard alignment between the spatial and strategic focus of the City and national/provincial government.

- **Intervention 2B** - Realisation of a planning regime which requires departments to do longer-term investment planning (20-40 years) inclusive of pre-feasibility and feasibility operational budget, implementation capital budget and post-implementation and maintenance operational budget. Through realising this planning regime, the entire life-cycle cost will be considered for purposes of understanding the current operational and capital demand within the City as well as the impact of the entire life-cycle project costs on the financial sustainability of the City.
- **Intervention 2C** - Adoption of a Long-Term Financial Strategy (LTFS) which will guide and facilitate integrated sustainable resourcing of capital investment. Utilisation of a Long-term Financial Model will ensure a sustainable funding mix and the implementation of an integrated capital investment budget which supports spatial transformation and economic growth.
- **Intervention 2D** -The establishment of a committee or governance body which administers the process of achieving catalytic land development, which is spatially transformed, and in line with the provisions and recommendations of the LTFS. Through governing this process, the City will ensure that public infrastructure investment and private sector investment is focussed towards spatially targeted areas and fast tracking of capital investment.

One of the functions of the Long-term financial model (LTFM) is to model the current financial sustainability position of the City, based on a number of inputs such as pre-audited or audited financial statements, revenue collection rates, economic conditions and climate, customer-base profiling etc. The outputs from the LTFM provides a basis and serve as input in developing a LTFS for the City. The LTFS serves as a medium- to long-term financial roadmap for the City and provides strategic direction on financial management and policy choices to be considered for implementation to improve and sustain the financial position of the City.

On 14 March 2017, the World Bank Group offered a Short-Term Consultancy Appointment to four consultants associated with INCA Portfolio Managers (“IPM”). The assignment entailed assistance with the preparation of long-term financial strategies for metropolitan municipalities in South Africa - the Long-Term Financial Strategy Project (“LTFS”, or the “Project”), a project of the Cities Support Programme (“CSP”) of National Treasury (“NT”). As part of the Project, a long-term financial model was developed to support metropolitan municipalities in managing its financial sustainability over the longer term. The City of Tshwane, being one of the pilot metropolitan municipalities for the WB assignment, prioritised the operationalisation and institutionalisation of the long-term financial model developed by INCA Portfolio Managers (Pty) Ltd.

The City was fortunate to have the full benefit of both the CaPS system (commercially known as the CP3 – Collaboration, Planning, Prioritisation and Performance) and the LTFM. These two processes were designed to integrate and feed data and analysis outputs into each other and Tshwane was regarded as the pioneer in spearheading the complete and legislatively compliant process of aligned long-term financial modelling and spatially targeted capital budgeting.

The majority of the above-mentioned interventions have been introduced within the annual IDP and MTREF process plan, through the adoption of the Capital Planning and Prioritisation tool (CaPS). The use of the CaPS system allows for spatially enabled capital project planning and conforms to the requirements of mSCOA, FIPDM and life-cycle planning and budgeting. Further application of the tool allows for the prioritisation of capital demand in line with catalytic land development areas and budget scenario development within the constraints of the City’s long-term financial model outputs. This is achieved through the CaPS budget scenario module which incorporates the sustainable affordability envelope and the optimal funding mix to fund prioritised programmes or projects. The

CAPS tool has matured to also include an approach to planning the entire project life-cycle expenditure from inception (pre-project operational expenditure) to post-implementation (operational and maintenance expenditure). For more information pertaining to the implementation of the CaPS tool and the LTFM, refer to Section C and D.

Intervention 2D refers to the establishment of a committee which oversees the process of achieving catalytic land development. On the 7th of August 2019 the city formally tabled the establishment of the Tshwane Strategic Investment Committee (STRIC), which is situated within the Executive Steering Committee (Exco) as a sub-committee. The rationale of the committee has been outlined in Section A and the formal adoption of the committee has been included in Addendum 2.

### **28.1.3 Planning Practice, Project Implementation and Urban Management**

The 3rd element of planning describes the practice in which the planning approach and content is applied and refers to the implementation of CLDPs together with the urban management structures in place to manage specific spatial targeted precincts. Section E and F of the BEPP outlines the current implementation processes in place, as well as the City's current approach to urban management after implementation. Through contextualising the principle of collaborative planning, implementation and management, the following interventions were clustered into the project preparation and targeted urban management BEVC component:

- **Intervention 3A** - Adoption of an infrastructure implementation management process which aligns with National Treasury's Framework for Infrastructure Delivery and Procurement Management (FIPDM). The implementation of targeted capital investment projects should align to structured procurement processes and mitigate risks associated with implementation readiness, cash-flow management, time and quality of services rendered.
- **Intervention 3B** - Establishment of an urban management framework which specifically caters to the specific needs or characteristics present within spatially targeted precincts.

The project preparation process involves the evolution of capital projects from inception phase to close-out and is identified through a number of municipal strategies and economic or spatial priorities. The city has identified the need to implement effective tools and techniques in order to apply sound project management practices which aligns to the FIPDM framework. The city has established a Stage Gate Standard and Workflow Process which aims to assist in the identification, strategic alignment, prioritisation, budget approval and execution of all capital projects within the city. In order to support this process, the CAPS system has been configured to facilitate the Stage Gate standard and workflow as part of the annual budgeting process as well as the in-year reporting and monitoring process. For more information pertaining to the Stage Gate standard and workflow process, refer to Section E which includes the formal adoption of the standard on the 25<sup>th</sup> of April 2019.

### **28.1.4 Planning Process, Institutional Coordination, Reporting and Consolidation**

The last element of planning refers to the planning process and organisation coordination in its entirety and should not be regarded as an element on its own. It is the result and management of the above-mentioned elements and culminates the outcome of each in the form of annual reporting and monitoring. To achieve this, the City has to integrate the above-mentioned interventions as a part of its annual planning and budgeting cycle and ensure the execution of outcomes-led planning and strategy-led budgeting. Governing this and ensuring compliance to legislative requirements involves the following interventions:

- **Intervention 4A** - Adoption of C88 Reporting, inclusive of the built environment performance indicators, as part of the City's annual planning and IDP process. This ties into the reporting framework of the City and will ensure timeously submission of these indicators with the annual submission of the MTREF and the IDP.
- **Intervention 4B** - Review of the Capital Expenditure Framework (CEF) which complies with the requirements as legislated in SPLUMA. The structure of the CEF builds on the three elements of planning referred to above and includes a spatial development vision, socio-economic/spatial profiling and demand quantification, planned capital expenditure by discipline, long-term financial plan, prioritisation, spatial analysis, asset-based analysis and poor and non-poor household capital expenditure targeting ratios.
- **Intervention 4C** - Integration between the interventions and outcomes identified above. This will ensure an annual planning and budgeting process which incorporates the Theory of Change and achieves the strategic and spatial vision as set out in the City's Tshwane Vision 2030 and MSDF.
- **Intervention 4D** - The establishment of Technical Task Teams and Committees to guide the annual planning and budgeting process and to provide guidance to the City with regards to the spatial and strategic vision. This provides the framework in which to guide and assist City departments in planning capital expenditure, monitoring and managing project implementation and submission of an IDP and MTREF which adheres to the City's Theory of Change.

Despite not having the prescribed set of C88 indicators in the SDBIP for the first year of implementation (2018/19), the City has included the indicators as an appendix in its plans in order to work towards integration into the City's formal planning and reporting processes. Refer to Section G for more information pertaining to the City's approach in adopting C88 indicators and the reporting format.

In addition to the reporting of C88, the City has reshaped its approach to the 2020/21 BEPP to align to the format of a Capital Expenditure Framework (CEF). This was done in line with the requirements of SPLUMA and includes the foundation to substitute the current BEPP document with a functional CEF. The City has also achieved capital investment planning which spans further than the MTREF period with the inclusion of a budget scenario which analysis a 10-year funding horizon (refer to Section D). However, the City still needs to establish the following to achieve a CEF which fully aligns with legislated requirements:

- Identification of Functional Areas within the City as well as aligning/updating the existing Priority Development Areas with the reviewed MSDF.
- Compiling land demand and infrastructure investment requirements (Demand Quantification) which outlines socio-economic demand for the next 10 years, with guidance from the City Infrastructure Delivery and Management System (CIDMS).
- Analysing the split between the demand, modelled demand quantum and the available funding envelopes obtained from the LTFS/P for the 10-year period.
- Analysing the current asset register for the city and addressing the split between the demand quantification and existing asset capacity.
- Analysing the ratio of capital expenditure between poor and non-poor communities, through the income distribution pattern city-wide.

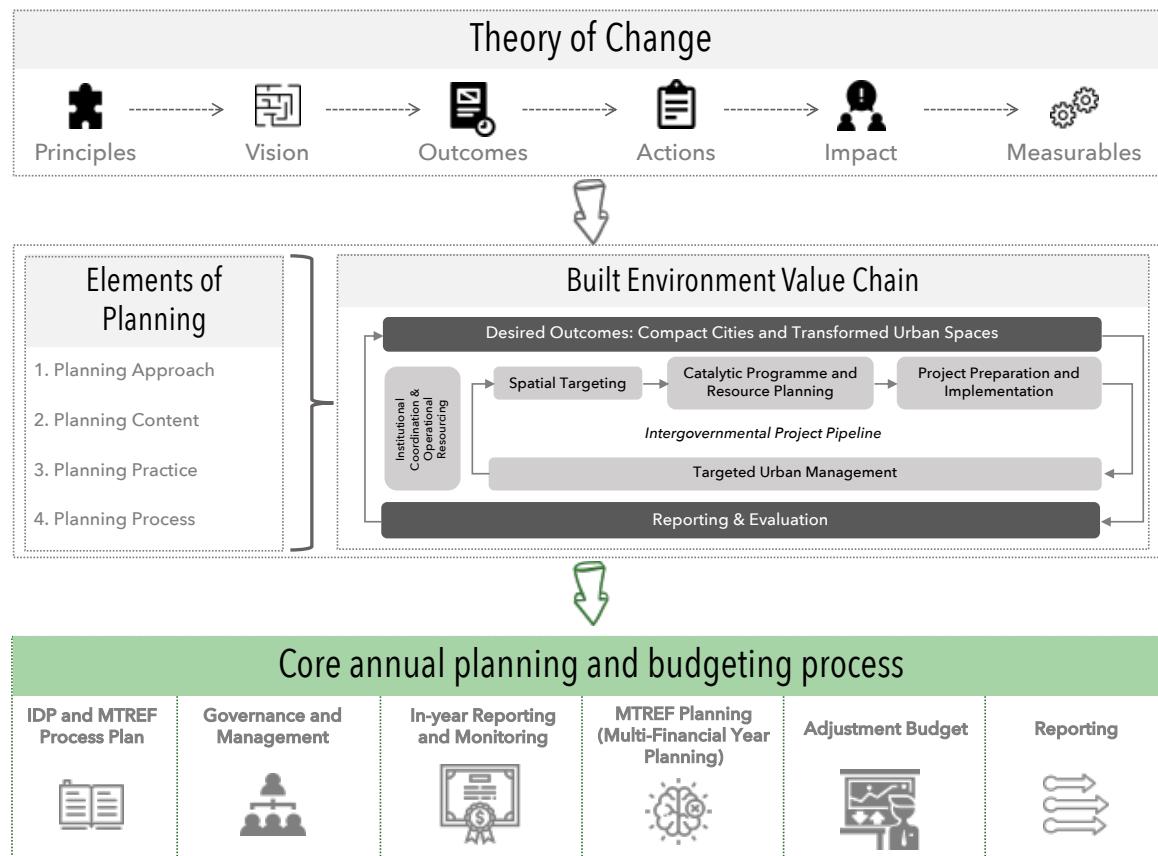
The section to follow (Chapter 28.2) will indicate the City's approach to integrating the above-mentioned interventions or actions to the annual IDP and MTREF process. This addresses intervention 4C, but also requires the establishment of governing bodies (intervention 4D). The CaPS Technical Task Team and BEPPSCO was established during the 2018/19 reporting period and serves as the governing body which guides the process to address and incorporate the outcomes of the above-mentioned interventions. For more information on the Task Team and the BEPPSCO, refer to Section A.

## 28.2 Implementing the Theory of Change

The planning and budgeting process that the City follows is promulgated annually through the approval of the Integrated Development Plan (IDP) and the Medium-term Revenue and Expenditure Framework (MTREF) Process Plan, which is formally adopted by Council during July/August each year. This process plan aligns to requirements as set out by the MFMA (56 of 2003), together with the City adoption of the 2017/21 IDP on the 25th of May 2017 in terms of MSA (32 of 2000). The objective of the annual process plan is to highlight actions and timelines in line with legislative requirements, each indicating governance entities responsible for achieving specific outcomes.

Given the statutory status of the annual IDP process and the establishment of the MTREF, the City has adopted the IDP and MTREF process plan as the core annual budgeting process and applies this policy to promote the Theory of Change and required interventions. The following section will highlight the core annual budgeting process, with the aim of identifying a practical approach to implementing the transitioning framework. Supplementary integration refers to the City's Theory of Change together with principles of planning, budgeting, implementation, reporting, monitoring and evaluation as communicated through the BEPP and BEVC.

Figure 101 Core Planning and Budgeting Process



The diagram above outlines the core annual planning and budgeting process segments and is based on the council approved 2020/21 IDP and MTREF process plan (29 August 2019). Each of these segments includes actions as set out in the IDP and MTREF process plan and initiates the groundwork for the transitioning out of BEPP framework through supplementary integration.

### 28.2.1 IDP and MTREF Process Plan

The preparation or review of the annual IDP, MTREF budget and performance plans require an in-depth understanding and outline of actions and deliverables to be achieved through the course of the financial year. To achieve this City Strategy and Organisational Performance Management (IDP Office) engages with a variety of stakeholders annually to identify and consolidate actions in line with legislated outcomes. This process results in the tabling of the IDP and MTREF process plan and the publication thereof. Table 57 below outlines the actions associated with the IDP and MTREF Process Plan segment and includes the organisational entity responsible for each action as well as associated timeframes.

Table 57 IDP and MTREF Process Plan Actions

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Tabling of the 2020/ 21 IDP and Budget Process Plan for approval	The IDP and Budget Process Plan which outlines the key deadlines for the review of the 2020/21 IDP and annual budget is tabled to council for approval at least 10 months before the start of the new financial year.	MSA s28, 29 & 34 & MFMA s21(b)	City Strategy and Organisational Performance Management (CSOP), supported by Finance and Economic Development and Spatial Planning	August
Publication of the 2020/21 approved IDP and Budget Process Plan on city's website for public information	Publication of the process plan outlining key deadlines for preparing, tabling and approval of the annual budget and IDP.	MSA s28(3)	City Strategy and Organisational Performance Management; Communication, Marketing and Events	September

The IDP and MTREF process plan segment provides the framework for planning actions and interventions required for the financial year. During this process, the City has the opportunity to integrate interventions 2D, 4C and 4D with the legislated processes to be followed, through establishing or reviewing budget committees and task teams who will lead and guide the IDP and MTREF process. During the 2019/20 reporting period, the CaPS TTT generated a detailed workplan with various deliverables to achieve the milestones and timelines legislated within the MFMA, refer to Chapter 28.3 below.

### 28.2.2 Governance and Management

In order for the City to achieve an annual IDP and MTREF submission, the following segment includes strategic planning sessions which progresses from Mayoral to Departmental planning sessions. The City ensures that targets are met through the establishment of a strategic planning agenda which aligns with the Tshwane Vision 2030 together with engagements between national or provincial sector departments to enable alignment of plans and programmes. Table 58 below outlines the actions

associated with the Governance and Management segment and includes the strategic focus setting for consideration into the MTREF budget.

Table 58 Governance and Management Actions

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Strategic Agenda setting - Mayoral strategic planning session	The Mayoral strategic planning session to focus on the following (1) Presentation and agreement on final proposals for Tshwane Development Strategy 2030. (2) Proposals for required changes/amendments to the IDP to be aligned to TDS 2030. (3) Evaluation on progress made during the first year of governance of the new administration. (4) Setting/confirmation of priorities/directive/budget principles and strategic guidelines for 2020/21 MTREF and IDP.	MFMA Section 52 (c)	Office of the Executive Mayor and Office of the City Manager	September
City Manager and Top management strategic planning	Unpacking TDS 2030 and formulate short to medium interventions to initiate interventions for inclusion in the IDP review and budget proposals for 2020/21	Internal process	Office of the City Manager and Top Management	September – October
Special MayCo	MayCo discussions on 2019/20 IDP & Budget strategic focus areas Adoption of Prioritisation Model for 2020/21 – 2022/23 MTREF	Internal process	Office of the Executive Mayor supported by ED & SP, CSOP, Budget Office	September to October
Issue adjustment budget guidelines	2019/20 Adjustment budget guidelines will be communicated through a budget circular	MFMA sec 28	Chief Financial Officer	November
Issue budget guidelines	2020/21 MTREF budget guidelines and principles will be communicated through a budget circular	Internal process (informed by NT MTREF budget circular)	Chief Financial Officer	December
Issue tariff guidelines	2020/21 MTREF tariff guidelines will be communicated through a budget circular	Internal process (informed by NT MTREF budget circular)	Chief Financial Officer	December
Session with departments on the Annual Budget process	Session with departmental finance support officials regarding the annual budget process (1) To provide guidance and confirm budget principles and approach for 2020/21	Internal process	Chief Financial Officer	December

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Departmental Strategic Planning Sessions	Departments engage in strategic planning sessions with the focus on the following: (1) Implementation of the Mayoral Strategic Planning and City Manager Top Management strategic planning session 's resolutions. (2) Prioritise projects to be captured on CaPs	Internal Process	All departments	October to 15 December
Budget Steering Committee Hearings	The Budget Steering Committee to conduct an assessment of the 2020/21 submitted targets against (1) The Tshwane Development Strategy 2030. (2) The identified priorities for the City as per Mayoral Strategic Planning resolutions. (3) Budget implications for the submitted plans (including motivations for CAPEX and OPEX projects not catered for by CIF; and (4) Draft Built Environment Performance Plan (BEPP)/Capital Investment Framework (CIF).	MFMA s52 (c) and	Budget Steering Committee supported by CSOP, Economic Development and Spatial Planning and CFO	February
Mayoral Budget Planning Session	The focus of the Budget planning session is to (1) Confirm the capex priorities and make recommendations. (2) Confirm MTREF areas of emphasis to allow for alignment the IDP high level summary.	MFMA s52 (c)	Office of the Executive Mayor	February
Consultation with Mayoral Committee	Presentation of the draft annual budget, draft IDP and first draft SDBIP (inclusive of Entities) for 2020/21	Internal Process	City Manager, CSOPM, Economic Development and Spatial Planning and CFO	March

With the establishment of the CaPS TTT; BEPPSCO and related budget committees, this process includes the governance process together with influencing or guiding the annual strategic vision setting process. This includes the scheduling of monthly or quarterly planning sessions and providing key inputs during mayoral and departmental strategic agenda settings. This opportunity allows for departmental planning and budgeting in accordance with the spatial and strategic visions set out above. During the 2019/20 reporting period, the CaPS TTT generated a detailed workplan which outlines the timelines associated with planning and departmental one-on-one sessions, which includes the process of engaging with provincial and government officials to obtain information pertaining to project planning.

### 28.2.3 In-year Reporting and Monitoring

The process of monitoring project performance ties in with the governance and management segment, but primarily functions in accordance with the Service Delivery and Budget Implementation Plan (SDBIP). The objective of this segment serves as a reporting mechanism to National Treasury,

through the submission of monthly and quarterly reports which indicates the status of project implementation and service delivery (Section 52 and Section 71 Reporting). This is monitored through continued performance reporting against project plans submitted for approval through the MTREF Budget and the SDBIP, in compliance with the MFMA (Act 56 of 2003). Although the IDP and MTREF Process Plan does not specifically highlight actions associated with the monitoring of project performance, it is important to note that the process provides the primary input to the annual mid-year review assessment and guides the mid-year adjustment of the MTREF and the SDBIP.

The establishment of the Stage Gate Standard and Workflow process aligns with the in-year reporting and monitoring process. The introduction of stage gates as part of the in-year reporting process will allow the technical task team, and specifically the project management unit (ePMU), to verify whether projects are in fact ready for implementation. To achieve this, the correct information should be sourced on a monthly basis through existing reporting processes and feed back into the project planning and prioritisation process. This framework addresses Intervention 3A and provides the platform to integrate the Stage Gate Standard and Workflow with the annual IDP and budgeting process. During the 2019/20 reporting period, the CaPS TTT generated a detailed workplan which outlines timelines associated with the in-year reporting process and the implementation of the stage gate management process.

#### **28.2.4 MTREF Planning (Multi-Financial Year Planning)**

The MTREF planning segment incorporates the actions set out for most of the annual planning and budgeting process and culminates the strategic and spatial priorities as set out by the City through the IDP. Although the primary outcome of this segment comes in the form of a tabled MTREF budget and IDP, the primary driving force includes guidance to departments on planning; intergovernmental alignment, the capital prioritisation process and funding resourcing. Table 59 below outlines the MTREF planning segment and includes the process of incorporating the strategic and spatial agenda together with determining the MTREF within the City.

Table 59 MTREF Planning Actions

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Departmental training for capturing of capital project requests on CaPS (Capital Demand)	Economic Development and Spatial Planning to engage with departments and popularise the CIF/BEPP to guide departments when capturing project lists.	Internal Process	Economic Development and Spatial Planning, CSOPM (SDBIP and Project) teams.	August/ September
Popularising Capital Investment Framework (CIF) and Built Environment Performance Plan (BEPP) to facilitate capturing of projects by departments	Economic Development and Spatial Planning to engage with departments and popularise the CIF/BEPP to guide departments when capturing project lists.	Internal Process	Economic Development and Spatial Planning, CSOPM (SDBIP and Project) teams	August to January

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Issue budget indicatives	Issue indicative OPEX & CAPEX allocations	Internal process	Chief Financial Officer	November
Submission of draft capital project list and expenditure projections	Prioritised Capital budget to be submitted to Budget Office (mSCOA Format)	MFMA sec 16, MFMA sec 19	Economic Development and Spatial Planning Departmental	December–January
Municipal Entities to submit National Treasury (NT) Schedule D (original budget)	The CEO's of municipal entities to submit NT Schedule D to Group Financial Services including mSCOA aligned budget items (Capex and Opex)	MFMA Regulations and Circulars	CEO's of Municipal Entities	January
Departments capture and submit operating budget proposals and business case for new projects/programmes	Departments to capture and submit their budget proposals and confirm mSCOA alignment	MFMA sec 16	Chief Financial Officer	January
Modelling of the Long Term Financial Plan (LTFM)	The LTFM will ensure medium to long term sustainability	Internal process	Chief Financial Officer	January
Publication of draft IDP & Budget and consultations with communities and stakeholders	Consultations for a period of 21 days for comment on the draft IDP and Budget as tabled in Council	MFMA Sections 22 and 23, MSA Chapter 4, s21 A	Office of the Speaker; Office of the Executive Mayor; All departments and Regions	April
1st Draft 2020/21 Business Plan	Departments to submit the draft 2020/21 Business Plan which contains the draft IDP and SDBIP scorecard	Internal Process	All departments and Entities	End April
National Treasury Municipal Budget and Benchmark exercise	Engagement and Benchmark Exercise on the tabled draft IDP and MTREF by National Treasury (1) 2020/21 BEPP Review presentation to NT (2) IDP and Budget Review presentations by all departments to NT	IGR process	National Treasury	April - May
Approval of the Budget, IDP, BEPP/ CIF for 2020/21 inclusive of Municipal Owned Entities	Final approval by Council of the IDP, Budget and BEPP/CIF by resolution, setting municipal taxes and tariffs, changes to the IDP and budget related policies; measurable performance objectives and targets; revenue by source and expenditure by vote.	MFMA Sections 16, 19, 24, 26, 53; MSA Section 38 – 45; MFMA s87	Council	End May

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Approval of the 2020/21 SDBIP	Final approval of the SDBIP by the Executive Mayor.	MFMA Sections 69 (3)a	Executive Mayor	June
Approval of 2020/21 Departmental Business Plans	Consolidated departmental plans including required resources to be approved, this include those of Entities	Internal Process	Mayoral Committee	July

During this process governance and management plays a vital role in guiding departments to plan in accordance with interventions 1A, 1B, 1C and 1D. It also affords the opportunity to incorporate the outcomes of the LTFM (Intervention 2B and 2C) to inform the City's budget scenario template, which builds on the results of the capital prioritisation model (Intervention 2A). The above-mentioned process has been outlined in the detailed work plan established by the CaPS TTT during the 2019/20 reporting period. The detailed workplan also includes the process of reviewing the prioritisation model on an annual basis together with guiding capital planning through one-on-one sessions, facilitated through the BEPPSCO and CaPS TTT (Intervention 4C and D).

## 28.2.5 Adjustment Budget

In terms of Section 28 of the MFMA, municipalities may revise an approved annual budget through the adjustment budget process. The Municipal Budget and Reporting Regulation (MBRR) further states that an adjustment budget may only be tabled after the mid-year budget and performance assessment, but no later than February. Based on this regulation, the in-year monitoring and reporting process should inform the adjustment budget and the consequent adjustment to the SDBIP. Table 60 below outlines the actions required by the City in order to proceed with the adjustment budget and includes guidance to departments with reference to mid-year review process.

Table 60 Adjustment Budget Actions

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Modelling of the Long-Term Financial Plan (LTFM)	The LTFM will ensure medium to long term sustainability	Internal process	Chief Financial Officer	December (to inform adjustment budget)
Capturing and submission of 2019/20 adjustment budget by departments	Departments to capture the 2019/20 revised budget	MFMA sec 28	Chief Financial Officer	November – December
Municipal Entities to submit Schedule E (Adjustments Budget)	The CEO's of municipal entities to submit NT Schedule E to Group Financial Services Department.	MFMA Regulations and Circulars	CEO's of Municipal Entities	December
2019/20 SDBIP Adjustment	Issue SDBIP adjustment communication based on possible adjustment to budget	Internal process	CSOP	December
2019/20 Mid-Year Review Report	The report is submitted to the Mayoral Committee and Council for consideration and approval	MFMA s72(1)	Chief Financial Officer	January

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
	and will indicate the necessity of an adjustments budget			
Consolidate Adjustments Budget inputs including Human Resources (PCP)	Consolidate Adjustments Budget inputs including Human Resources (PCP)	Internal Process	Chief Financial Officer	January
Preparation of Adjustments Budget Report and Annexures	The report and document is prepared in accordance with National Treasury regulations	MFMA s28 and s29	Chief Financial Officer	January
Submission of report for consideration and approval	Report is submitted to the ExCo, Mayoral Committee and Council for approval	MFMA s28 and s29	Chief Financial Officer	February
National Treasury Mid-year Budget/BEPP Review and Performance Assessment Visit	National Treasury's engagement with the City of Tshwane	IGR process	Executive Mayor; City Manager; Chief Financial Officer; Chief Operations Officer; Group Heads	January - March
2019/20 Adjustment to the SDBIP based on the Mid – year Budget and Performance Review	Council to consider the proposed adjustments to the SDBIP. The approved adjustments to the SDBIP to be submitted to National Treasury post approval by Council	MFMA s54 (1)c	CSOP; Council	February

The in-year reporting segment should inform the adjustment budget process, based on the outcomes of the Stage Gate standard and workflow process (Intervention 3A). The adjustment budget process should also include outcomes of the LTFM to ensure a sustainable funding mix as described in Intervention 2C. The detailed workplan for 2019/20 outlines a number of deliverables in order to conduct an informed adjustment budget process.

## 28.2.6 Reporting

The reporting segment specifically entails the preparatory work required to draft the annual IDP report. The annual BEPP submission, which serves as an addendum to the IDP and MTREF, substituted the City's Capital Expenditure Framework (CEF) to date. With the BEPP document no longer required in the form of an annual performance plan, the City has opted to revert back to the submission of a CEF in line with SPLUMA requirements. Table 61 below outlines the actions required to submit an IDP and CEF which complies with the MSA, SPLUMA and the MFMA. This includes the communication of IDP review guidelines in line with the strategic agenda, together with the community and stakeholder consultation process. Although the reporting segment is described separately from the MTREF Planning segment, it is important to note the approval of the MTREF occurs with that of the IDP and BEPP.

Table 61 Reporting Actions

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Issue IDP review guidelines to departments	Guidelines for the review of the IDP prepared based on key focus areas emanating from the strategic planning processes	Internal process	City Strategy and Organisational Performance Management and Chief Financial Officer	October
Stakeholder engagements	Priority setting process with key stakeholders (1) Engagement with Traditional Authorities. (2) Engagement with business sector. (3) Engagement with NGO's and CBO's. (4) Engagement with various stakeholder groups including the Youth.	MSA sec 16 &17	Office of the Executive Mayor, Office of the Speaker, Office of the City Manager, and City Strategy and Organisational Performance Management	October to January
1st Draft departmental IDP & SDBIP scorecards submitted	All departments and MOE's to submit 1st draft departmental IDP & SDBIP scorecards in line with guidelines provided to CSOP	Internal process	All Departments and MOE's	January
Tabling of the draft IDP, budget (MTREF) and BEPP/CIF	Tabling of draft annual budget, draft IDP together with BEPP/CIF for 2020/21 for noting by Council	MFMA Sections 16 & 17	CSOPM, CFO and ED &SP; MayCo; Council	End March
Submission of Draft BEPP 2020/21 to National Treasury	Submit Draft BEPP 2020/21 (DoRA 20/21) based on the capex submissions from departments (The indicatives as included in the 2019/20 DoRA will be used for the purpose of planning. When the 2020/21 DoRA is issued, all grants (opex and capex) will be updated)	DORA 20/21	Economic Development and Spatial Planning	End March
Refinement and finalisation of the annual budget, IDP and Corporate SDBIP	(1) Based on comments received from communities and stakeholders, finalise the 2020/21 IDP and 2020/21 budget; (2) BEPP/CIF Review process (city's spatial priority programmes in line with Tshwane Development Strategy 2030, grant alignment & intergovernmental budget alignment.	Internal Process	CSOP; Finance department; Economic Development and Spatial Planning department; Top Management and Mayoral Committee	April and May

Action	Details of Action	Legislative Requirement	Responsibility	Timeframes
Submission of BEPP 2020/21 to National Treasury	Submit BEPP 2020/21 (DORA 2020/21) to National Treasury	DORA 2020/21	Economic Development and Spatial Planning	End of May

The reporting segment specifically refers to legislated processes which require the approval of an annual IDP report and MTREF Budget. This affords the opportunity to synchronise annual reporting requirements and addresses Interventions 4A and 4B. It also provides the framework in which to guide departments in terms of the strategic or spatial visions set out by the City and to engage in one-on-one sessions with the aim of collating information for reporting purposes. The 2020/21 detailed workplan outlines the preparatory work required to achieve an IDP and BEPP (CEF) together with the required timeframes to allow for public participation and council approval.

During the 2020/21 reporting period the CaPS TTT, through communication to the BEPPSCO, established a process of reviewing the 2019/20 BEPP. This was done with the aim of promoting integrated planning between departments and to raise awareness of challenges previously experienced during the compilation of the BEPP. Addendum 10 includes the review guidelines.

### 28.3 Detailed work plan

Chapter 28.2 above outlined the core annual planning and budgeting process, based on the IDP and MTREF process plan. During the 2019/20 financial year, the City realised the need to establish a detailed work plan to guide the overarching IDP and MTREF Process Plan and to promote secondary integration. Because the IDP and MTREF Process Plan only describes overarching outcomes of the annual budgeting process, an understanding and acknowledgement of the detailed constituents were required to mitigate risks associated with in the municipal budgeting space. These risks include lapsing milestones or varying timeframes due to external and internal stakeholder influence.

The detailed work plan was designed in consultation with Metropolitan Spatial Planning and Economic Development, Group Financial Services and City Strategy and Organisational Performance Management which includes the IDP office and the Project Management Unit (ePMU). Although the detailed work plan was not formally adopted in the City, the CaPS TTT (refer to Chapter 7.2) adopted the workplan as guidance framework at the start of the 2020/21 financial year.

As indicated above, this workplan serves as the outcome of the transition out of BEPP framework and details secondary integration with legislated processes to achieve the interventions identified by the City. These interventions will ultimately achieve the City's theory of change and incorporate sound planning principles as outlined the BEVC and the 4 elements of planning.

Figure 102 2020/21 Detailed Work Plan

